



Banksia Mortgage Fund Portfolio Sale

Media Release - 5 August 2013

Banksia Mortgages Limited (BML), part of The Banksia Financial Group, is proposing to wind up the Banksia Mortgage Fund (BMF) by conducting a portfolio sale of the loans within BMF via a portfolio sale process.

BML is seeking an order from the Supreme Court to wind up BMF and confirmation that it is justified in amending BMF's constitution to enable it to proceed with the sale process for a significant parcel of BMF loans. BMF has around 1300 retail investors.

The Supreme Court hearing is set down for Tuesday 20 August 2013.

If the Supreme Court orders that BMF be wound up and confirms that BML is justified in making the changes proposed to the BMF constitution, then BML will be required to return to the Supreme Court to obtain confirmation that it is justified in completing any sale of the loans.

The portfolio sale process would aim to accelerate the repayment of investors' principal and bring forward the completion of the winding up of BMF.

A Banksia spokesperson said that the board of BML had formed the view that the winding up of BMF by conducting a portfolio sale process would be in the best interests of investors.

In a letter sent today to BMF investors, Banksia said:

"... BML considers that the winding up of BMF by a portfolio sale of BMF loans represents the only realistic option. The alternative would be to appoint a voluntary administrator to BML, which in turn would result in an externally-controlled winding up of BMF and likely value destruction for members, as all costs of a voluntary administrator would be borne out of the assets of BMF.

On the other hand, the option of a portfolio sale offers investors a new mechanism to realise their investments in BMF without the potentially destructive impact of either voluntary administration of BML, or any enforcement action that may involve a mortgagee sale process."

The letter to investors indicates the steps required to enable the portfolio sale process are:

- amend the BMF constitution
- engage a transaction manager to market the loan portfolio to potential purchasers
- engage an independent adviser to BML to oversee this process
- obtain a court order directing that BML is justified in taking these steps
- assess any offers which may be made to consider whether they are in the best interests of BMF members
- if satisfied that an offer is in the best interests of members, apply to the court for a direction that BML is justified in completing the necessary contracts and documents to finalise the transaction

- finally, if such a direction is obtained and the transaction is finalised, return money to investors.

Detailed information on the proposed winding up and portfolio sale process has been posted on the Banksia website www.banksiagroup.com.au and BMF investors are able to seek answers to specific questions by calling 1800 722 079 or emailing info@banksiagroup.com.au.

For further information:

BMF Investors: 1800 722 079

Media: Michelle Hindson 0414 207 049

Trevor Rowe 0412 259 275